



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Legislative Fiscal Analyst
CLAYTON SCHENCK

DATE: March 9, 2006

TO: Legislative Finance Committee

FROM: Taryn Purdy

RE: Agency Appropriations Transfer Requests (Supplementals)

In accordance with 17-7-301, MCA, the Judiciary has submitted 1 and the Governor has submitted 4 potential transfers of appropriations (supplemental appropriations) from FY 2007 to FY 2006 to the Legislative Fiscal Analyst. It is the role of the LFA to analyze the proposals and then forward them to the Legislative Finance Committee (LFC) for comment and report. It is the obligation of the LFC to report to the Governor whether, in the committee's view, the requests meet statutory criteria and to raise any necessary compliance issues. If the LFC does not provide a report, the Governor (or other approving authority) can authorize the transfer 90 days after the date the request was forwarded to the committee. The LFC does not approve or deny the requests.

Statute requires two things before a request to move authority from the second year of the biennium to the first can be made:

- 1) Expenditures must be for an "unforeseen and unanticipated emergency" that causes the appropriation for the year to be insufficient for the operation and maintenance of the agency in that year; and
- 2) The requesting agency must present a plan for reducing expenditures in the second year of the biennium that "allows the agency to contain expenditures within appropriations." Several exceptions to this requirement exist, including an unforeseen and unanticipated emergency for fire suppression.

Only one of the proposals is forwarded to the LFC for review and comment at this time. Because the other proposals were submitted in only the recent last few days, LFD staff has not had an opportunity to provide a thorough analysis and so will forward those requests within the time frame established by the LFC. However, in order to allow the director of the Office of Budget and Program Planning and the Judiciary the opportunity to address and preview the proposals and the LFC an opportunity to review the proposals and provide comment and direction, a general discussion is included on the remaining four proposals.

PROPOSAL FORWARDED TO THE LFC

The Governor has submitted the following proposed appropriations transfer and it is forwarded to the LFC for review and comment:

- o \$2.0 million for the Department of Natural Resources and Conservation for current season fire costs

OTHER PROPOSED TRANSFERS

The following proposals were submitted but are not yet forwarded to the LFC for review and comment, as staff is still analyzing documentation.

The Supreme Court has given preliminary approval to the following transfer in the Judiciary.

- o \$3.0 million to address increased variable costs in District Courts

The Governor has given preliminary approval to the following transfers.

- o \$11.4 million in the Department of Public Health and Human Services for a variety of shortfalls
- o \$11.5 million for the Department of Corrections for a variety of shortfalls, principally in secure care
- o \$375,000 in the Department of Revenue for litigation costs

LFD PRELIMINARY ISSUES

Legislative Fiscal Division (LFD) staff have preliminarily identified several issues and analysis points with one or more of the proposed transfers still under review, and they are summarized in the attached memorandum.

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